



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2011 Biennium

<b>Bill #</b>	SB0180	<b>Title:</b>	Establish CAFE standards for new motor vehicles
<b>Primary Sponsor:</b>	Erickson, Ron	<b>Status:</b>	As Introduced

- |   |  |  |
|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact     | <input checked="" type="checkbox"/> Needs to be included in HB 2 | <input type="checkbox"/> Technical Concerns              |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts           | <input type="checkbox"/> Dedicated Revenue Form Attached |

### FISCAL SUMMARY

	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>	<u>FY 2012 Difference</u>	<u>FY 2013 Difference</u>
<b>Expenditures:</b>				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$244,782	\$236,269	\$242,178	\$255,164
<b>Revenue:</b>				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$244,782	\$236,269	\$242,178	\$255,164
<b>Net Impact-General Fund Balance</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

**Description of fiscal impact:** The development and implementation of a vehicle emission regulatory program in accordance with the provisions contained in SB 180 would require three new FTE for the Air Resources Management Bureau of the Department of Environmental Quality over the 2011 biennium.

### FISCAL ANALYSIS

#### Assumptions:

#### **Department of Environmental Quality (DEQ)**

1. The Clean Air Act of Montana does not currently require regulation of emissions from vehicles. SB 180 would result in the regulation of sources and emissions not currently subject to regulation under the Clean Air Act of Montana.
2. Under federal law, Montana may not adopt and enforce vehicle emission standards unless they are identical to California standards for which EPA has granted a waiver.
3. California is currently petitioning EPA for a waiver to regulate vehicle greenhouse gas emissions. Once California's greenhouse gas waiver is approved:
  - HB 180 would establish greenhouse gases as regulated air pollutants under the Clean Air Act of Montana.

- Regulating greenhouse gases from vehicles in Montana would extend to other sources, including, but not limited to, industrial, and commercial sources.
4. The DEQ would be required to assist the Board of Environmental Review (board) with rulemaking activities to establish vehicle emission standards. Initiation of the vehicle emissions regulatory program, including the regulation of greenhouse gas emissions, would be accomplished through incorporating California vehicle emissions standards by reference and would therefore require very little rule development and related activities in FY 2010 and FY 2011.
  5. The DEQ would be required to ensure vehicles comply with the standards. Implementation of the vehicle emissions regulatory program would be accomplished through existing compliance staff evaluation of new car sales to ensure compliance with standards.
  6. Because SB 180 would establish greenhouse gases as regulated pollutants, the DEQ anticipates that up to 2,000 new sources would be subject to regulation through implementation of SB 180. Using the DEQ Oil and Gas Program as a model, which regulates a similar number of sources, the department would require 3.00 FTE environmental science specialists to accommodate the increase in sources subject to regulation.
  7. The FTE would conduct the following activities necessary for the administration of this program: establishment of a registration program in lieu of permitting program, evaluate registration/application forms, confirm information submitted on registration/application forms, prepare registrations/permits for sources, conduct compliance evaluations, and maintain the necessary data elements for the programs.
  8. The board establishes air quality fees on an annual basis and would adjust the revenue collected to a level commensurate with the expenses necessary for the operation of the program.

	<b><u>FY 2010 Difference</u></b>	<b><u>FY 2011 Difference</u></b>	<b><u>FY 2012 Difference</u></b>	<b><u>FY 2013 Difference</u></b>
<b><u>Fiscal Impact:</u></b>				
<b>FTE</b>	3.00	3.00	3.00	3.00
<b><u>Expenditures:</u></b>				
Personal Services	\$164,777	\$168,896	\$173,119	\$177,447
Operating Expenses	<u>\$80,005</u>	<u>\$67,373</u>	<u>\$69,059</u>	<u>\$77,717</u>
<b>TOTAL Expenditures</b>	<u><u>\$244,782</u></u>	<u><u>\$236,269</u></u>	<u><u>\$242,178</u></u>	<u><u>\$255,164</u></u>
<b><u>Funding of Expenditures:</u></b>				
State Special Revenue (02)	\$244,782	\$236,269	\$242,178	\$255,164
<b><u>Revenues:</u></b>				
State Special Revenue (02)	\$244,782	\$236,269	\$242,178	\$255,164
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u></b>				
State Special Revenue (02)	\$0	\$0	\$0	\$0

\_\_\_\_\_  
Sponsor's Initials\_\_\_\_\_  
Date\_\_\_\_\_  
Budget Director's Initials\_\_\_\_\_  
Date